

Message Text

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ORIGIN OPIC-12

INFO OCT-01 ARA-16 ISO-00 EB-11 AID-20 TRSE-00 XMB-07 L-03

OMB-01 /071 R

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EB/IFD/OIA-FWMAERKLE

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R 041556Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY SANTO DOMINGO

UNCLAS STATE 236999

E.O. 11652: N/A

TAGS: EFIN, DR

SUBJECT: DELAYS IN CURRENCY CONVERSION

PART OF OPIC'S POLITICAL RISK INSURANCE FOR AMERICAN INVESTORS IS INSURANCE AGAINST A DETERIORATION OF EXISTING CURRENCY CONVERTIBILITY RIGHTS. IN COUNTRIES WHERE AT THE TIME OF EXECUTION OF THE INSURANCE CONTRACT OPIC KNOWS OF NO SIGNIFICANT DELAY BY EXCHANGE AUTHORITIES IN APPROVING TRANSFERS OF LOCAL CURRENCY TO U.S. DOLLARS, THE OPIC STANDARD CONTRACT OF INSURANCE WILL PERMIT THE INVESTOR TO MAKE AN INCONVERTIBILITY CLAIM AGAINST OPIC IF A REQUEST FOR TRANSFER BY AN INSURED INVESTOR IS NOT HONORED WITHIN EITHER THIRTY DAYS, IF A RESULT OF ACTIVE BLOCKAGE, OR SIXTY DAYS, IF A RESULT OF PASSIVE BLOCKAGE.

WHERE DELAYS IN TRANSFER EXIST AT THE TIME OF THE EXECUTION OF THE INSURANCE CONTRACT AND ARE KNOWN TO OPIC, OPIC'S CONTRACT MAY INCLUDE SPECIAL LANGUAGE TO DEFINE THE WAITING PERIOD.

IT IS IMPORTANT THAT OPIC HAVE ACCURATE AND CURRENT INFORMATION

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ON ANY LAWS, REGULATIONS, PRACTICES OR PROCEDURES WHICH

CAUSE DELAYS IN CURRENCY TRANSFERS. SUCH LAWS, REGULATIONS, PRACTICES OR PROCEDURES MIGHT BE OF GENERAL APPLICATION OR OF SPECIAL APPLICATION TO LOANS (PRINCIPAL AND/OR INTEREST), REPATRIATION OF CAPITAL, DIVIDENDS, ROYALTIES, LEASE PAYMENTS, OR TO CERTAIN INDUSTRIES, INVESTORS, COMMODITIES, ETC.

IT IS REQUESTED THAT YOU INFORM OPIC AS SOON AS POSSIBLE OF THE CONVERSION PERIOD OR PERIODS CURRENTLY IN EFFECT. IF DELAYS

OVER THIRTY DAYS ARE MORE THAN INFREQUENT, PLEASE DESCRIBE THE LAWS, REGULATIONS OR PRACTICES CAUSING SUCH DELAYS.(

IN OBTAINING THIS INFORMATION IT IS IMPORTANT TO GO BEYOND OFFICIAL BANK AND GOVERNMENT SOURCES TO THE ACTUAL EXPERIENCE OF AMERICAN INVESTORS SINCE THERE MAY BE A VARIANCE OF INFORMATION.

IN THE EVENT ANY SIGNIFICANT CHANGE OCCURS IN CONVERSION PRACTICES, IT IS REQUESTED THAT OPIC BE NOTIFIED. A LETTER DATED APRIL 27, 1973 FROM PETER JONES (THEN ECONOMIC/COMMERCIAL OFFICER AT YOUR EMBASSY), IN RESPONSE TO OUR PREVIOUS INQUIRY ON THIS SUBJECT INDICATED NO SIGNIFICANT TRANSFER DELAYS BUT THAT THE IMPROVEMENT OVER DELAYS EXPERIENCED IN 1972 MIGHT BE TEMPORARY. OPIC THEREFORE CONTINUED TO ALLOW FOR 180 DAY DELAYS IN INSURANCE CONTRACT PROVISIONS. HOWEVER IF IMPROVEMENT IS NOT MERELY TRANSITORY WE WOULD WANT TO REFLECT PREVAILING CONDITIONS FOR FUTURE CONTRACTS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, INVESTMENT GUARANTEES, CONVERTIBLE FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 04 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE236999
Document Source: CORE
Document Unique ID: 00
Drafter: AFR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731246/aaaabhqo.tel
Line Count: 87
Locator: TEXT ON-LINE
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 05 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05-Oct-2001 by williad>; APPROVED <15 MAR 2002 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELAYS IN CURRENCY CONVERSION PART OF OPIC'S POLITICAL RISK INSURANCE FOR AMERICAN INVESTORS
TAGS: EFIN, DR, OPIC
To: SANTO DOMINGO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005